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CATHOLIC HEALTH
AUSTRALIA

The Secretary
Senate Standing Committee on Economics
The Senate
Parliament House
CANBERRA ACT 2600

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*The Catholic health,
aged and community
care sector*

Catholic Health
Australia Incorporated

ABN 30 351 500 103

Dear Secretary

Inquiry into the exposure drafts of the legislation to implement the Carbon Pollution Reduction Scheme

Catholic Health Australia (CHA) is the peak body of 75 not for profit hospitals and 550 aged care services operated by organisations of the Catholic Church. With 9,500 hospital beds and 19,000 residential aged care beds, Catholic Health Australia members provide more than 15% of the nation's health and aged care services, and employ in excess of 38,000 people.

The introduction of the Carbon Pollution Reduction Scheme (CPRS) will as currently proposed adversely impact Catholic not for profit health and aged care services. It will adversely impact all Australian health and aged care services, regardless of their ownership status. To remedy this impact, we propose this Inquiry recommend:

- That the Australian Health Care Agreements (AHCAs), Private Health Insurance reimbursements, and the Aged Care Funding Instrument (ACFI), each be adjusted to ensure that public hospitals, private hospitals, and aged care providers do not face new unfunded costs in the delivery of public health, private health, and aged care services;
- That a Commonwealth grants process be established to provide capital funds to not-for-profit health and aged care services to enable sustainability improvements to be undertaken.

CHA position on the CPRS

CHA and its members have a commitment to good environmental stewardship. We support the efforts of the government in seeking to reduce the impact of global warming resulting from human activity. Importantly, we do not claim to be experts in the operation of cap and trade schemes and do not seek to comment on the relative merits of the Government's proposed scheme vis a vis other mechanisms that also seek to reduce greenhouse gas emissions.

Instead, CHA seeks to draw the Committee's and the Government's attention to the potential impact of the Scheme in raising energy costs that will be faced by health and aged care providers. In the absence of an increase in the operational funding of public hospitals, private hospitals, or aged care services and specific capital assistance to implement energy sustainability measures, a rise in costs associated with the introduction of the CPRS will

adversely impact on the services provided to patients in not-for-profit hospitals and residents in not-for-profit aged care services.

Operational impacts on the not-for-profit health and aged care sector

Not for profit health and aged care services are not in a position to automatically pass on cost increases. Health services in general are already struggling to maintain services in line with increasing demand from an ageing population and increasing volumes of services. In particular, public health funding to hospitals, public funding to aged care, and private health insurance reimbursement is already inadequately indexed to meet the rising costs of providing care.

To the extent that additional costs are imposed on the health and aged care sector, services will suffer. CHA contends therefore that there needs to be specific indexed funding to the health and aged care sector to compensate for the cost impact of the introduction of the CPRS.

Hospitals do consume significant amounts of energy in providing the high quality treatment that is expected in an advanced and compassionate society. The average Australian hospital bed has been found to emit 28 tonnes of carbon per annum – twice that of the average household. On the basis of a carbon price of \$20 per tonne, Catholic hospital services alone will face a cost impost of around \$10m per annum, which will increase over time. This is not sustainable, and can not be funded without change to the funding programs that enable public and private hospitals to operate.

Capital consequence for the not-for-profit health and aged care sector

In order for health and aged care services to meet their responsibilities in playing their part in reducing carbon emissions, CHA proposes the introduction of a targeted capital grants program that provides incentives for the sector to invest in energy efficient technologies.

Other sectors within the economy which face detriment from the introduction of the scheme are to be assisted. At present, there is no specific assistance proposed for the health and aged care sector. A capital grants scheme which provides an incentive for health and aged care services to improve the environmental sustainability of their operations would go a long way to both improving the environmental performance of the sector, and bringing equity by including the sector within those who will receive assistance at the introduction of the scheme. Given sufficient support, our sector is a willing partner in assisting the country to meet its greenhouse reduction goals.

Conclusion

CHA is not opposed to the introduction of the CPRS. We do seek to remedy the cost detriment of the introduction of the scheme, and we seek to enable care providers to make improvements in the environmental performance.

CHA is happy to expand on any of the details contained in this submission should the Committee request further information.

Yours sincerely



Martin Laverty
Chief Executive Officer